

CRAVATH, SWAINE & MOORE

RECORDATION NO. 21855 FILED

DEC 10 '98

10-55 AM

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Counterparts - K. Barthman

RECEIVED
SURFACE TRANSPORTATION BOARD
10 54 AM '98

December 11, 1998

Dear Mr. Williams:

In accordance with 49 U.S.C. §11301, we submit herewith for recording with the Surface Transportation Board original counterparts of the document described below.

This document is a Memorandum of Lease Agreement, a "primary document", dated as of December 1, 1998.

The names and addresses of the parties to the primary document are as follows:

LESSOR: UP 1998 Trust for KBC No. 2 in care of Wilmington Trust Company Ten Rodney Square North Wilmington, Delaware 19890

LESSEE: Union Pacific Railroad Company 1416 Dodge Street Omaha, Nebraska 68179

The equipment covered by the document is listed in Schedule A hereto, and bears the reporting marks and road numbers of Union Pacific Railroad Company listed therein.

The recordation fee of \$26.00 is enclosed. After recordation, please return the counterparts not needed by the Board, stamped with the recordation data, to the undersigned at the address shown above.

A short summary of the document for use in the index follows:

Memorandum of Lease Agreement dated as of December 1, 1998, between the UP 1998 Trust for

KBC No. 2, as lessor, and Union Pacific Railroad Company, as lessee, covering 13 locomotives.

Please acknowledge receipt on the enclosed copy of this letter.

Very truly yours,



Elliot Karathanasis

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street N.W.
Washington, D. C. 20423

Encl.

Schedule A
(Transaction dated December 1, 1998,
UP 1998 Trust for KBC No. 2)

<u>Quantity and Description</u>	<u>Reporting Marks</u>	<u>Road Numbers</u>
13 General Electric model AC6000 diesel-electric locomotives		7511, 7515--7524, 7526, 7527, inclusive

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MEMORANDUM OF LEASE AGREEMENT dated as of December 1, 1998, between UP 1998 TRUST FOR KBC NO. 2, a Delaware trust (hereinafter called the **Owner**), and UNION PACIFIC RAILROAD COMPANY, a Delaware corporation (hereinafter called the **Lessee**).

WHEREAS the Owner and the Lessee are entering into that certain Lease Agreement dated as of the date hereof and supplements thereto, covering the railroad equipment listed in Schedule A hereto, bearing the road numbers of Union Pacific Railroad Company shown in said Schedule A, and all additions and alterations thereof, replacements thereof and substitutions therefor.

IN WITNESS WHEREOF, the parties wish to show for the public record the ownership of the said railroad equipment by the Owner, and the leasehold interest therein of the Lessee, and accordingly have caused this memorandum to be executed by their officers thereunto duly authorized, as of the date first above written.

UP 1998 TRUST FOR KBC NO. 2

by WILMINGTON TRUST COMPANY, not
in its individual capacity but
solely as trustee,

by 

UNION PACIFIC RAILROAD COMPANY

by 

STATE OF DELAWARE)
) SS.:
COUNTY OF NEW CASTLE)

On this *8th* day of December, 1998, before me personally appeared **Emmett R. Harmon**, to me personally known, who, by me being duly sworn, says that he is a **Vice President** of WILMINGTON TRUST COMPANY, and that the foregoing instrument was signed on behalf of said trust company by authority of its board of directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said trust company.

Kathleen A. Pedelini
Notary Public

KATHLEEN A. PEDELINI
NOTARY PUBLIC-DELAWARE
My Commission Expires Oct. 31, 2002

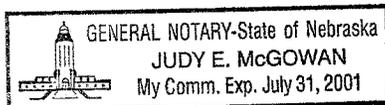
My commission expires

STATE OF NEBRASKA)
) SS.:
COUNTY OF DOUGLASS)

On this *7th* day of December, 1998, before me personally appeared John B. Larsen, to me personally known, who, by me being duly sworn, says that he is an Assistant Treasurer of UNION PACIFIC RAILROAD COMPANY, that the foregoing instrument was signed on behalf of said corporation by authority of its board of directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Judy E. McGowan
Notary Public

My commission expires



SCHEDULE A
(Transaction dated December 1, 1998,
UP 1998 Trust for KBC No. 2)

<u>Quantity and Description</u>	<u>Reporting Marks</u>	<u>Road Numbers</u>
13 General Electric model AC6000 diesel-electric locomotives		7511, 7515--7524, 7526, 7527, inclusive